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FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

(Mark One)
[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 1992

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number 0-12058

KENAN TRANSPORT COMPANY
(Exact name of registrant as specified in its charter)

North Carolina	56-0516485
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

University Square - West, 143 W. Franklin Street
Chapel Hill, North Carolina 27516-3910
(Address of principal executive offices, including Zip Code)

(919) 967-8221
(Registrant's telephone number, including Area Code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No ____

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at July 31, 1992
Common stock, no par value	2,359,612

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KENAN TRANSPORT COMPANY

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PART I - FINANCIAL INFORMATION

KENAN TRANSPORT COMPANY
CONSOLIDATED BALANCE SHEETS
(Dollars in thousands)

ASSETS	June 30, 1992 (Unaudited)	December 31, 1991 (Note 1)
Current Assets		
Cash and cash equivalents	$ 9,681	$ 9,147
Accounts receivable	3,469	3,622
Operating supplies and parts	945	847
Prepayments-		
Tires	1,327	1,368
Insurance, licenses and other	961	727
Total Current Assets	16,383	15,711
Operating Property		
Land	1,469	1,471
Buildings and leasehold improvements	5,035	4,992
Revenue equipment	40,634	39,302
Other equipment	3,588	3,616
	50,726	49,381
Accumulated depreciation	21,810	21,481
Net Operating Property	28,916	27,900
Other Assets	1,030	1,029
	$46,329	$44,640

LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	$ 719	$ 1,094
Wages and employee benefits payable	3,339	2,492
Claims payable	3,408	3,091
Other accrued expenses	234	134
Income taxes payable	167	522
Total Current Liabilities	7,867	7,333
Deferred Income Taxes	5,420	5,540
Stockholders' Equity		
Common stock; no par; 20,000,000 shares authorized; 2,359,612 and 2,355,259 shares issued and outstanding	2,517	2,454
Retained earnings	30,525	29,313
	33,042	31,767
	$46,329	$44,640

The Notes to Consolidated Financial Statements are an integral part of these balance sheets.

KENAN TRANSPORT COMPANY
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited and dollars in thousands except per share amounts)

	Three Months Ended June 30		Six Months Ended June 30	
	1992	1991	1992	1991
Operating Revenue	$12,858	$11,777	$26,329	$23,923
Operating Expenses				
Wages and employee benefits	6,482	6,025	13,237	12,239
Fuel, parts, tires and other	2,532	2,214	5,021	4,557
Taxes and licenses	812	767	1,674	1,552
Insurance and claims	640	638	1,194	1,198
Communications, utilities and rent	257	270	583	529
Depreciation	1,159	1,168	2,337	2,310
	11,882	11,082	24,046	22,385
Operating Income	976	695	2,283	1,538
Interest income and other expenses, net	89	81	175	298
Income before Income Taxes	1,065	776	2,458	1,836
Income taxes	424	314	981	743
Net Income	$ 641	$ 462	$ 1,477	$ 1,093
Weighted average number of shares outstanding	2,359,612	2,355,259	2,357,890	2,355,259
Earnings per share	$ .27	$ .20	$ .63	$ .46
Operating ratio	92.4%	94.1%	91.3%	93.6%
Dividends paid per share	$ .0550	$ .0525	$ .1100	$ .1050

The Notes to Consolidated Financial Statements are an integral part of these statements.

KENAN TRANSPORT COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Six Months Ended June 30, 1992 and 1991
(Unaudited and dollars in thousands)

	1992	1991
Beginning Cash and Cash Equivalents	$9,147	$7,499
Cash Provided by (Applied to):		
Operations	4,152	4,267
Purchase of operating property, net	(3,353)	(4,146)
Dividends	(265)	(254)
Net Increase (Decrease) in Cash and Cash Equivalents	534	(133)
Ending Cash and Cash Equivalents	$9,681	$7,366

The Notes to Consolidated Financial Statements are an integral part of these statements.

KENAN TRANSPORT COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Basis of Presentation

The financial information included herein is unaudited; however, such information reflects all adjustments (consisting solely of normal recurring adjustments) that are, in the opinion of management, necessary for a fair statement of results for the interim periods.

The balance sheet at December 31, 1991 has been taken from the audited financial statements at that date.

The results of operations for the three and six months ended June 30, 1992 and 1991 are not necessarily indicative of the results to be expected for the full year.

KENAN TRANSPORT COMPANY

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following is management's discussion and analysis of certain significant factors that have affected the Company's financial position and operating results during the periods included in the accompanying financial statements.

Results of Operations

Revenue for the second quarter of 1992 was $12,858,000, an increase of $1,081,000 and 9% over the second quarter of 1991. Net income was $641,000, an increase of $179,000 and 39%. Earnings per share were $.27 compared to $.20 in 1991. The increase in revenue for the quarter was attributable to strong demand for transportation of chemicals and propane gas primarily due to growth in business with existing customers.

Revenue for the six months ended June 30, 1992 was $26,329,000, an increase of $2,406,000 and 10% over the first half of 1991. Net income was $1,477,000, an increase of $384,000 and 35%. Earnings per share were $.63 compared to $.46 in 1991.

Operating expenses for the second quarter of 1992 remained under control, increasing 7% on the 9% increase in revenue. Operating costs for the second quarter of 1992 were $11,882,000, a $800,000 increase from the second quarter of 1991. Operating costs for the six months ended June 30, 1992 were $24,046,000, an increase of $1,661,000 from the first half of 1991. Fuel prices increased during the quarter in contrast to an otherwise stable operating cost trend. The Company improved its operating ratio to 92.4% for the quarter and 91.3% for the six month period ended June 30, 1992, compared to 94.1% and 93.6%, respectively, in 1991.

Liquidity and Capital Resources

The Company's financial position at June 30, 1992 remained strong. Working capital was $8,516,000 compared to $8,378,000 at December 31, 1991. The current ratio was 2.08 compared to 2.14 at year end. Cash and cash equivalents totaled $9,681,000 at June 30, 1992, and the Company had no debt outstanding under its $7,000,000 bank line of credit.

The Company continued its program of maintaining a modern, efficient fleet by replacing 65 tractors during the first half of 1992. The cash dividend was increased 5% to an annual rate of $.23 per share effective with the quarterly payment in July. This was the fourteenth consecutive annual increase in the dividend.

PART II - OTHER INFORMATION

Item 6. **Exhibits and Reports on Form 8-K**

(a) No Exhibits are required to be filed with this report.

(b) No reports on Form 8-K have been filed during the quarter ended June 30, 1992.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

KENAN TRANSPORT COMPANY
(Registrant)

DATE: August 10, 1992

BY: /s/ William L. Boone
Vice President-Finance and
Chief Financial Officer